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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

ELECTRIC SOLIDUS, INC. d/b/a
SWAN BITCOIN, a Delaware
corporation,

Plaintiff,

v.

PROTON MANAGEMENT LTD., a
British Virgin Islands corporation;
THOMAS PATRICK FURLONG;
ILIOS CORP., a California corporation;
MICHAEL ALEXANDER HOLMES;
RAFAEL DIAS MONTELEONE;
SANTHIRAN NAIDOO; ENRIQUE
ROMUALDEZ; and LUCAS
VASCONCELOS,

Defendants.

Case No. 2:24-cv-08280-MWC-E

**DEFENDANT PROTON
MANAGEMENT LTD.'S
SUPPLEMENTAL BRIEF IN
SUPPORT OF OPPOSITION TO
SWAN'S MOTION TO COMPEL**

Date: July 18, 2025
Time: 9:30 a.m.
Place: Courtroom 750, 7th Fl.
Judge: Hon. Charles F. Eick

Discovery Cutoff: Nov. 7, 2025
Pre-Trial Conf. Date: April 26, 2026
Trial Date: May 4, 2026

1 Pursuant to L.R. 37-2.3, Defendant Proton Management, Ltd. (“Defendant” or
2 “Proton”) submits this supplemental brief opposing Plaintiff Electric Solidus, Inc. d/b/a
3 Swan Bitcoin’s (“Plaintiff” or “Swan”) Motion to Compel (ECF No. 243).

4 Despite the length of its disclosure, Swan continues to assert broad categories and
5 vague concepts as purported trade secrets without specifying what actual information is
6 protectable—let alone why it differs from what any other mining business already knows.
7 *See Advanced Modular Sputtering, Inc. v. Superior Ct.*, 132 Cal. App. 4th 826, 836 (2005).
8 Defendants repeatedly tried to resolve these issues—including a detailed letter offering a
9 proposed clarification of Swan’s insufficient disclosure and repeated requests to amend its
10 2019.210 disclosure—but Swan has steadfastly refused, for months, to amend, supplement,
11 or explain what it contends are its actual trade secrets. This refusal leaves Proton and the
12 other Defendants unable to meaningfully evaluate Swan’s claims or prepare a defense,¹
13 while simultaneously (i) allowing Swan to seek expansive discovery untethered to any
14 defined trade secret, and (ii) giving it the ability to later redefine its claimed trade secrets
15 upon receipt of discovery, both in violation of Section 2019.210 and this Court’s Order.

16 Further, Swan’s public disclosure of substantial parts of its disclosure further
17 highlights the inadequacy of its disclosure. In at least two different court filings, Swan
18 publicly disclosed materials it now claims contain trade secrets, including a letter from
19 Individual Defendants identifying deficiencies in Swan’s Trade Secret Identification
20 (which Individual Defendants marked as AEO out of an abundance of caution but which
21 Swan ignored) and a list of supposedly proprietary file names that Swan sought to redact in
22 that same letter. (ECF Nos. 177-8; ECF No. 182-2 at 3-4.) Notably, Swan selectively
23 sought to seal *other* documents as part of *these* same filings, but not these, leading Proton
24 to believe these public filings were intentional. While Swan sought to seal the letter two
25 months after publicly filing it (which Proton disputed should be sealed, ECF No. 239), a
26 cursory review of its proposed redactions only highlight the absence of a particularized

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28 ¹ Swan has, in fact, refused access to its Trade Secret Identification, which it designated
as Attorneys’ Eyes Only, to Proton or any of its representatives.

1 identification. *See, e.g., M/A-COM Tech. Sols., Inc. v. Litrinium, Inc.* (“M/A-COM”), 2019
2 WL 4284523, at *2 (C.D. Cal. June 11, 2019). Discovery should not proceed until Swan
3 complies with its fundamental obligation to sufficiently identify its alleged trade secrets.

4 **I. SWAN FAILS TO IDENTIFY ANY ALLEGED TRADE SECRETS WITH**
5 **THE REQUISITE PARTICULARITY.**

6 As discussed at length in the Joint Stipulation, each of Swan’s purported trade secrets
7 fail to sufficiently identify with any particularity what Swan claims to own. Indeed, Swan
8 fails to identify specifically what information makes up each trade secret, so as to allow
9 Proton to distinguish it from what is public or generally known. *See Alta Devices*, 2019
10 WL 176261, at *2 (emphases in original) (internal citation omitted) (plaintiff must include
11 “adequate detail to allow the *defendant* to *investigate* how [each asserted trade secret] might
12 differ from matters already known and to allow the court to craft relevant discovery”). For
13 example, Swan vaguely claims [REDACTED] as a trade
14 secret (TS 1), but this refers only to any number of general, well-known Bitcoin mining
15 *concepts* without any particularity as to what specifically Swan claims is proprietary to it.²
16 As another example, Swan generally refers to wholesale contractual agreements (many of
17 which are more than twenty to thirty pages long) as trade secrets without identifying any
18 particular terms of the agreements it believes are protectable. (ECF No. 111-1 at 12, 13-
19 14, 14-15, 16-17, 19- 22.) It is even more problematic given that [REDACTED] are
20 regularly made public by bitcoin mining companies—some of which contain similar terms.
21 *Compare, e.g.,* ECF No. 176-9 at § 8.2 (profit share provision in hosting agreement) with
22 Ex. A³ (Term Sheet describing similar profit share provision; ECF No. 176-9 at § 12
23 (assignment) with Ex. A (assignment); 176-9 at § 15 (warranties) and Ex. A

24
25 ² *E.g.,* Ex. B (BITCOIN MINING HANDBOOK at 42 (describing overclocking), 78 (electricity
26 price), and 82 (infrastructure value) (Braains 2022), <https://braains.com/books/bitcoin-mining-handbook>); Ex. C (*Optimizations for Bitcoin Mining with Intermittent Energy Sources*, BRAAINS (Jul. 7, 2021), <https://braains.com/blog/optimizations-bitcoin-mining-intermittent-energy> (describing curtailment)).
27

28 ³ SEC filing publicly available at <https://www.sec.gov/Archives/edgar/data/1819989/000095012321003679/filename3.htm>

(representations and warranties); ECF No. 179-9 at § 17 (termination) and Ex. A (termination rights); ECF No. 179-9 at § 18 (force majeure) and Ex. A (force majeure); ECF No. 179-9 at § 19 (governing law) and Ex. A (governing law). These examples are illustrative of similar problems that permeate all of the claimed trade secrets:

- Trade Secrets 1, 2, 4-13, 14, 17, and 20 do not specify any specific

as elements of those trade secrets, leaving Proton to guess as to what the claimed trade secret actually is. *See, e.g., Calendar Rsch. LLC, v. StubHub, Inc.*, 2020 U.S. Dist. LEXIS 112361, at *15 (C. D. Cal. May 13, 2020) (“Trade secrets cannot be vague concepts, and Plaintiff fails to identify the specific set of ‘methods, techniques, processes, procedures, programs, or codes’” that could establish the trade secret.).

- Trade Secrets 2, 3, 15, 18, and 20 rely on improper catchall language to explain elements of the trade secrets (e.g., “including”). *See, e.g., Gatan, Inc. v. Nion Co.*, 2018 WL 2117379, at *4 (N.D. Cal. May 8, 2018).

- Trade Secrets 1, 2, 4-13, 15, 16, 17, 18, 19, and 20 purport to be reflected in

But Swan cannot simply rely wholesale on document references, particularly general document categories, to avoid a sufficient disclosure. *See, e.g., Perlan*, 178 Cal. App. 4th at 1351 (disclosure was insufficient that required defendant to “cull through the documents and guess”); *Alta Devices, Inc. v. LG Elecs., Inc.*, 2019 WL 176261, at *3 (N.D. Cal. Jan. 10, 2019) (“[Plaintiff] must amend its disclosure to identify these trade secrets with reasonable particularity, with or without reference to a separate document.”).

And the list goes on. Courts reject such a vague, non-descriptive approach to trade secret identification. *See, e.g., Imax Corp. v. Cinema Techs., Inc.*, 152 F.3d 1161, 1167 (9th Cir. 1998). The Court should do the same here.⁴

II. DEFENDANTS IN GOOD FAITH SOUGHT CLARIFICATION ON SWAN’S TRADE SECRET IDENTIFICATION, BUT SWAN REFUSED.

On April 15, 2025, Defendants sent a detailed letter to Swan identifying ambiguities in and attempting, in good faith, to parse Swan’s obscure Trade Secret Identification. *See*

⁴ The redactions contained herein are based solely on Swan’s designations in the Joint Stipulation, but even these demonstrate how vague their designations are here (e.g.,).

1 ECF No. 242-3 (the “April 15 Letter”). Defendants’ April 15 Letter sought clarity from
2 Swan as to what it claimed to be protectable based on what could be reasonably inferred
3 through *other* statements made by Swan in *other* Swan documents in a good faith attempt
4 to resolve this dispute. To be sure, the Court required Swan to specifically identify the
5 “Trade Secret Elements” of each of its alleged trade secrets, as well as certain background
6 information in the Trade Secret Identification. (ECF No. 95 at 6).⁵ Plainly recognizing that
7 its Trade Secret Elements were far too broad and non-descript, in its first motion to compel
8 discovery, Swan attempted to cherry-pick portions of its background sections to add
9 specificity when describing them.⁶ The April 15 Letter was simply an effort by Proton to
10 confirm that Swan’s trade secrets were actually as confined as Swan had represented them
11 to the Court. Swan rejected this effort. Ex. 11. Swan now tries to claim that this April 15
12 Letter demonstrates Defendants’ understanding of its alleged trade secrets. That is non-
13 sensical. The very purpose of the April 15 Letter was to gain clarity on what exactly Swan
14 claims as trade secret, but Swan only responded with the blanket statement that it disagreed
15 with Defendants’ characterizations, leaving Defendants in the dark. The April 15 Letter
16 *highlights* Defendants’ inability to understand the trade secrets—not the opposite.

17 **III. SWAN’S PUBLIC FILINGS DEMONSTRATE THE INSUFFICIENCY OF**
18 **ITS TRADE SECRET DISCLOSURE**

19 Further, Swan’s public filing of a letter quoting the elements section for *each of the*
20 *twenty trade secrets it claims* undermines the sufficiency of its disclosure. ECF No. 177-8.
21 While Swan has now attempted to undo that public disclosure (months too late), a review
22 of those elements—which have been public for more than two months—demonstrates that

23
24 ⁵ Again, Swan is wrong that the Court has already ruled on the adequacy of its Trade
Secret Identification (Mot. at 53-54).

25 ⁶ Swan continues to supplement its disclosure through the instant motion—details not
26 originally in the elements of its Identification. *See, e.g.*, Mot. at 34 (purporting that some
27 portion of spreadsheet shows how Swan opted to curtail as example of conditions and
28 operations of a curtailment model); *id.* at 30-31 (specifying that deployment strategies are
found in Trade Secrets 4-13). This further confuses the bounds of the identified trade
secrets and evidences the “shifting sands” strategy that courts forbid. *See generally*
Alphonso Inc. v. Tremor Video, Inc., 2022 WL 17968081, at *3 (N.D. Cal. Oct. 31, 2022).

1 those specific portions of Swan's disclosure were plainly not "specific enough" to be
2 deemed confidential trade secrets. *See, e.g., M/A-COM*, 2019 WL 4284523, at *2.⁷ For
3 example, the letter quoted [REDACTED]
4 [REDACTED] which Swan identifies as the
5 elements of Trade Secret 15. ECF No. 177-8 at 9. That phrase identifies no information
6 that "tends to disclose" any idea or fact that confers value on Swan by virtue of its secrecy.
7 *See Altavion, Inc. v. Konica Minolta Sys. Lab'y, Inc.*, 226 Cal. App. 4th 26, 59, 171 Cal.
8 Rptr. 3d 714, 741 (2014) (disclosure that "does not designate information" but rather
9 describes features, functions, or characteristics does not identify a trade secret). Swan also
10 vaguely refers to document file names and claims those are trade secrets. *See, e.g.,* ECF
11 No. 111-1 at 25 ([REDACTED]), 25 ([REDACTED]), and
12 27 ([REDACTED]). But Swan also separately publicly
13 filed a list of these file names. ECF No. 182-2 at 3-4. Swan's own treatment of this alleged
14 trade secret information only further highlights the lack of specificity in its disclosure.

15 **IV. THE COURT'S RULING ON PROTON'S MOTION TO COMPEL**
16 **ARBITRATION WILL DETERMINE HOW THIS CASE PROCEEDS**

17 Finally, the Court has stayed this action against Individual Defendants pending an
18 interlocutory appeal of the Court's denying their Motion to Compel Arbitration, as required
19 by *Coinbase, Inc. v. Bielski*, 599 U.S. 736, 741 (2023). Proton filed a similar Motion to
20 Compel Arbitration which is set to be heard on July 25, 2025. It is Proton's position that
21 this issue should be decided by an arbitrator, not this Court. Therefore, if this Court is
22 inclined to grant Swan's Motion to Compel, Proton requests that any production of
23 documents be ordered for not less than two weeks after a ruling on Proton's Motion to
24 Compel Arbitration or the resolution of any subsequent appeal regarding the same.

25 **V. CONCLUSION**

26 For the foregoing reasons, the Court should deny Swan's Motion to Compel.

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28 ⁷ Proton had no reason to believe the filing of this document was inadvertent given that Swan expressly sought to seal other documents in the same filing, not including this letter.

1 Dated: July 3, 2025

BERGESON, LLP

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4 By: /s/ Adam C. Trigg
5 Adam C. Trigg

6 Attorneys for Defendant
7 PROTON MANAGEMENT LTD.
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